

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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1. Two large companies in Manchuria which have done a great deal of trading in Soviet goods are Tschurin and Pahokunse. Tschurin was founded in Russia about 85 years ago. The company had many branches in both Russia and Manchuria until World War I. After that time I believe that the only remaining branch was in Manchuria, and that most of the stockholders were US and UK firms. During World War II the company was in the hands of the Germans and Japanese. In 1945 the Soviets took over the company, and they are the present owners. The directors of the company are sent from the USSR, and they are changed frequently.
2. In 1945 when the Soviets came into Manchuria the holdings of Tschurin included three Universal stores [sig], one confectionery, and one ham company. In 1945 Tschurin took nearly all the factories in Manchuria which had belonged to the Japanese. The Soviets thought that instead of their taking over the Japanese factories directly, it would be better to have the confiscations handled "privately" through Tschurin.
3. Some of the concerns taken over by Tschurin included beer factories, a sawmill which had formerly belonged to a Japanese named Kondo, an alcohol factory, flour mills, etc. But according to a Sino-Soviet agreement, all property which formerly belonged to the Japanese and which is now held by the Soviets must be returned to the Chinese. The return of all this property is scheduled to be completed in 1952. The Kondo sawmill has already been returned to the Chinese government, and all other factories are in the process of being returned. When a factory is returned to the Chinese all White Russian employees are discharged. So many factories are being returned that people are being discharged by the hundreds, and when they lose their jobs there it is very difficult for them to find work elsewhere. People who are discharged receive only about two weeks' salary.
4. Tschurin is rapidly returning to its pre-World War II status, and will probably be left with only two or three factories, which it held when the Soviets took over. These will probably be closed.
5. The people who were sent to Manchuria to operate Tschurin knew little or nothing about commerce--but were concerned primarily with spreading Communist propaganda. Many branches at railroad stations had to close down because they hadn't shown any profits.

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6. Part of the business of Tschurin was to buy goods in Manchuria (such items as soy beans, and bristles) and exchange them for Soviet goods such as gasoline, wines, cigarettes, books and magazines, and a number of manufactured goods.

7.

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8. If Tschurin is closed completely it will not make very much difference in the trade between China and the USSR, [redacted] Tschurin is selling 25X1X Chinese goods almost exclusively now, and Soviet goods are being sold by Paihokunse.
9. Paihokunse is a Chinese Communist government-owned company which has branches in nearly every Manchurian city, and in Shanghai, and which is constantly expanding. Paihokunse sells Soviet goods more inexpensively than Tschurin, because it is government subsidized.
10. Soviet books and magazines are very cheap in Manchuria. They are sold for less than it would cost to produce them, but the Soviets undoubtedly compensate in other fields for their loss on the sale of literature. Soviet literature in Manchuria is even cheaper than waste paper, and some Chinese are buying it up in large quantities and selling it as waste paper, at a profit. The propaganda contained in this literature is successful in Manchuria because it is so accessible, and because there is so much of it. It is obvious that the books and magazines which are sold in Manchuria do not receive a very wide distribution in the USSR, because the number of issues, usually shown on the publication, are usually two hundred thousand or less. Most of this literature is printed in Russian, however some of it is originally printed in Chinese. Government printing houses in Harbin translate many of the Russian-language publications into Chinese, so that the Chinese people will get the full benefit of it.
11. Along with publications, Soviet films are very cheap--sometimes free. There are many lectures on various topics--even medicine--which include much propaganda, and which are free.

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